THE WOODLANDS TOWNSHIP

BOARD OF DIRECTORS

SPECIAL MEETING

OCTOBER 20, 2011

MINUTES

THE STATE OF TEXAS

COUNTIES OF HARRIS & MONTGOMERY

The Board of Directors of The Woodlands Township met in special session, open to the public, on October 20, 2011, posted to begin at 1:00 p.m. The special session was held in a meeting room at the office of The Woodlands Township, Board Chambers, 10001 Woodloch Forest Drive, Suite 600, The Woodlands, Texas, within the boundaries of The Woodlands Township.

DIRECTORS PRESENT: Chairman Bruce Tough, Vice Chairman Lloyd Matthews, Secretary Claude

Hunter, Treasurer Ed Robb, Director Nelda Blair, Director Tom Campbell, and

Director Peggy Hausman

DIRECTORS ABSENT:

None

STAFF/ADVISORS:

Don Norrell, President/General Manager, John Powers, Assistant General Manager Community Services, Monique Sharp, Assistant General Manager of Finance & Administration, Fire Chief Alan Benson, Susan Welbes, Director of Human Resources, Nick Wolda, Director of Community Relations/CVB President, Karen Dempsey, Management Analyst, Mary Connell, Manager of

Community Relations, Mike Page and Bret Strong, Legal Counsel

Pledge of Allegiance:

Chairman Tough dispensed with reciting the Pledge of Allegiance.

Call to Order;

Chairman Tough called the workshop session to order at 1:20 p.m. and declared that notice of this meeting was posted 72 hours in advance at the Courthouses of Montgomery and Harris Counties and inside the boundaries of The Woodlands Township at the office building located at 10001 Woodloch Forest Drive, Suite 600, The Woodlands, Texas. As there was a quorum of members present, the Board proceeded to conduct business regarding the following matters.

Consider and act upon adoption of the meeting agenda;

Chairman Tough then called for a motion and second to adopt the meeting agenda.

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MOTION: Motion by Secretary Hunter to adopt the agenda as presented; second by Vice Chairman

Matthews

VOTE: Ayes: Chairman Tough

Vice Chairman Matthews

Secretary Hunter Treasurer Robb Director Blair Director Campbell Director Hausman

Nays: None Abstentions: None Absent: None

ACTION: Motion passed unanimously (7-0).

Recognize Public Officials:

Chairman Tough recognized Rosemary Roe, representing the Joint Powers Agency.

Public Comment;

None

Discussion of matters relating to The Woodlands Governance Process;

Chairman Tough introduced Kurt Dunham and Audra Koester-Thomas with Partners for Strategic Action to lead the Board discussion. Mr. Dunham stated that the goal of today's workshop is to walk through a draft report of The Woodlands Incorporation Study that focuses on financial assumptions of what The Woodlands Township would look like if it stayed the same versus full incorporation. Additionally, Mr. Dunham informed the Board that he would also touch upon the Public Involvement piece of The Woodlands Governance Process.

Mr. Dunham encouraged the Board to provide feedback in order to guide the consultants of where revisions should be implemented. Once the changes are made then the consultants will be able to start running financial projections.

Mr. Dunham then introduced Dan Guimond and Chris Leutzinger, financial consultants with Economic & Planning Systems, Inc. who provided an overview of the financial assumptions project.

Receive, consider and act upon financial assumptions to be used in financial model for the Governance Planning Process:

Mr. Guimond gave an overview of the project including project background, methodology and the Township budget. The following four peer cities in Texas were used for comparison purposes in order to provide a framework for future service provision: Sugar Land, McKinney, Frisco, and Round Rock.

Mr. Guimond and Mr. Leutzinger then reviewed the level of service assumptions based on 2012 Township levels with 2012 peer city levels on a department by department basis. This hypothetical scenario was presented in table format which allowed a good visual representation for comparison purposes. Board discussion followed allowing the presenters to make notes of changes or suggestions made by the Board.

A final summary of estimated staff levels of each department compared with the peer cities was then provided in order to give the Board a better understanding of overall levels of service.

The report also addressed the changes in major revenue sources between the current Township structure and the incorporation scenario. Township revenue sources discussed included sales and use taxes, property taxes, hotel occupancy taxes and other user fees and charges for recreation, aquatics, and CVB programs. As a City, The Woodlands would be able to levy a number of additional fees and fines such as utility access and franchise fees, liquor tax, permit fees and licenses and impact fees

Mr. Leutzinger then reviewed primary capital expenses should the Township transition to an incorporated city. Capital expense assumptions included: Town Hall/City Administration Building (existing building housing General Government and future Public Works and Utilities Administration Department), Police Department, Detention Facility, Police Vehicle Fleet and Equipment, Municipal Court, Road Maintenance Vehicle Fleet and Equipment, Public Works Facility, Major Road Maintenance Capital Projects, and MUD Debt Service.

<u>MOTION:</u> Motion by Vice Chairman Matthews to approve the financial assumption as modified to be used in the financial model for the Governance Planning Process; Board discussion followed

No action was taken on this item. This item will be brought forward to the October 26, 2011 regular Board meeting under the Regular Agenda for further consideration and action.

A draft report of The Woodlands Incorporation Study: Working Paper #1 regarding Financial Assumptions is attached hereto as Exhibit "A".

Receive, consider and act upon a public involvement plan for the Governance Planning Process;

Mr. Dunham provided a brief overview and stated that the goal of the public involvement plan is to inform the public and stakeholders about the results of the gap and incorporation financial analyses and garner feedback and direction on potential governance option for the future. This will be accomplished in two phases. Phase 1 will concentrate on communication and information distribution and Phase 2 will consist of engagement activities with targeted resident discussion groups, stakeholders and also the general public.

<u>MOTION:</u> Motion by Director Blair to approve The Woodlands Governance Process Public and Stakeholder Engagement Plan as presented; second by Vice Chairman Matthews followed by Board discussion.

Note: Director Hausman left the meeting prior to the vote.

VOTE: Ayes: Chairman Tough

Vice Chairman Matthews

Secretary Hunter Treasurer Robb Director Blair Director Campbell

Navs: None

Abstentions: None

Absent: Director Hausman

ACTION: Motion passed (6-0).

Board of Directors Special Meeting October 20, 2011 A draft of The Woodlands Governance Process Public and Stakeholder Engagement Plan is attached hereto as Exhibit "B".

<u>Adjourn</u>

As there was no further business to discuss, Chairman Tough called for a motion and second to adjourn the meeting at 3:15 p.m.

MOTION: Motion to adjourn by Secretary Hunter; second by Director Campbell

VOTE:

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Ayes: Chairman Tough

Vice Chairman Matthews

Secretary Hunter Treasurer Robb Director Blair Director Campbell

Nays: None Abstentions: None

Absent: Director Hausman

ACTION: Motion passed unanimously (6-0).

Claude Hunter

Secretary, Board of Directors

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EXHIBIT OMISSIONS*

EXHIBIT "A"

EXHIBIT "B"

*To view Exhibits, please contact the Records Management Analyst at 281-210-3800.